

The Isle of Man likes to say it's debt free - but it ow...

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As [Isle of Man Today reported yesterday](#):

THE Manx public owes nearly £171 million to the Isle of Man Bank in local authority loans.

The figure — branded 'alarmingly high' by one MHK — was revealed on the eve of the Budget and in the wake of the news that interest on all of those loans has increased by 0.25 per cent as a result of a clause in a deal between Treasury and the bank. The clause states that if the island's credit rating is downgraded — as happened in November when Standard and Poor's downgraded the Isle of Man from AAA to AA+ — then the bank can increase the interest rate on the loans.

The actual figure owed in local authority housing loans is £170,737,446.20.

The island's politicians always like to claim it has no debt: that's clearly not true. It actually owes £2,074 per head of population. OK, that's not quite the £16,500 per head of the UK. But then, nor can the Isle of Man print its own money either and it's also now running serious budget deficits of more than 11% of income - again smaller than the UK, but so it should be given that as yet it is still being heavily subsidised by us as not all the VAT subsidy has gone as yet and we're still massively subsidising the island in some ways - such as defence.

It strikes me that times are just going to get tougher in the middle of the Irish Sea.